

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Authority to Establish Its Authorized Cost of Capital for Utility Operations for 2013 and to Reset the Annual Cost of Capital Adjustment Mechanism.

Application 12-04-015
(Filed April 20, 2012)

And Related Matters.

Application 12-04-016
Application 12-04-017
Application 12-04-018

**DECISION GRANTING COMPENSATION TO THE UTILITY REFORM
NETWORK FOR SUBSTANTIAL CONTRIBUTION TO DECISION 12-12-034**

Claimant: The Utility Reform Network (TURN)	For contribution to Decision (D.) 12-12-034
Claimed (\$): 248,695.26	Awarded (\$): 248,813.39. ¹
Assigned Commissioner: Mark J. Ferron	Assigned ALJ: Michael J. Galvin

PART I: PROCEDURAL ISSUES

- A. Brief Description of Decision:** D.12-12-034 adopts authorized returns on equity and capital structures for test year 2013 for the four major energy investor owned utilities (IOUs). The decision authorized Return on Equity (ROEs) of 10.40% for Pacific Gas and Electric Company (PG&E) (down from 11.35%), 10.45% for Southern California Edison Company (SCE) (down from 11.50%), 10.30% for San Diego Gas & Electric Company (SDG&E) (down from 11.10%) and 10.10% for Southern California Gas Company (SoCalGas) (down from 10.82%).

¹ Amount awarded reflects arithmetic adjustments and new rates for one attorney.

**B. Claimant must satisfy intervenor compensation requirements set forth in
Pub. Util. Code §§ 1801-1812:**

	Claimant	CPUC Verified
Timely filing of notice of intent to claim compensation (NOI) (§ 1804(a)):		
1. Date of Prehearing Conference:	June 4, 2012	Correct
2. Other Specified Date for NOI:	n/a	N/A
3. Date NOI Filed:	July 5, 2012	Correct
4. Was the NOI timely filed?		Yes
Showing of customer or customer-related status (§ 1802(b)):		
5. Based on Administrative Law Judge (ALJ) ruling issued in proceeding number:	Application (A.) 12-04-015	Correct
6. Date of ALJ ruling:	July 20, 2012	Correct
7. Based on another CPUC determination (specify):	n/a	N/A
8. Has the Claimant demonstrated customer or customer-related status?		Yes
Showing of “significant financial hardship” (§ 1802(g)):		
9. Based on ALJ ruling issued in proceeding number:	A.12-04-015	Correct
10. Date of ALJ ruling:	July 20, 2012	Correct
11. Based on another CPUC determination (specify):	n/a	N/A
12. Has the Claimant demonstrated significant financial hardship?		Yes
Timely request for compensation (§ 1804(c)):		
13. Identify Final Decision:	D.12-12-034	Correct
14. Date of Issuance of Final Order or Decision:	December 26, 2012	Correct
15. File date of compensation request:	On or before February 26, 2012	February 15, 2013
16. Was the request for compensation timely?		Yes

C. Additional Comments on Part I:

#	Claimant	CPUC	Comment
		1	TURN's total claim inadvertently omits \$487.50 for travel for William Marcus. That amount has been added back in the final calculations.

PART II: SUBSTANTIAL CONTRIBUTION**A. Claimant's contribution to the final decision:**

Contribution	Specific References to Claimant's Presentations and to Decision	Showing Accepted by CPUC
<p>Utility Regulatory Risk:</p> <p>TURN provided unique testimony rebutting utility allegations of regulatory risk in California. TURN argued that the panoply of regulations adopted by the CPUC result in lower regulatory risk of cost recovery in California. TURN witness Marcus detailed how specific elements of decoupling and attrition result in lower cost recovery risk in California.</p> <p>The Decision agreed that these risks are already reflected in financial modeling results and that there are not unique risks in California warranting any adjustment in modeling results.</p>	<p>Exhibit 28, Testimony of William Marcus, at 13-24.</p> <p>Exhibit 26, Testimony of Daniel Lawton, Sec. V, at 15-22.</p> <p>TURN Opening Brief, October 16, 2012, Sec. 6.3, at 52-75.</p> <p>D.12-12-034, Sec. 5.3.3, at 31-36.</p> <p>The Commission specifically agreed that "ratings agencies do recognize the benefit of California balancing and memorandum accounts," (at 34) and found that even "SDG&E concurs with TURN that risk mitigating mechanisms such as decoupling reduce SDG&E's risk." (at 35).</p>	Yes
<p>Utility Business Risk:</p> <p>TURN witness Marcus rebutted specific utility allegations of business risk and demonstrated that, on the whole, California IOUs did not face any additional business risks due to power procurement, capital investment plans, competition and bypass, various environmental policies (RPS, cap and trade) and market-related risks. TURN rebutted specific allegations and</p>	<p>Exhibit 28, Testimony of William Marcus, at 24-50.</p> <p>TURN Opening Brief, October 16, 2012, Sec. 6.4, at 76-90.</p>	Yes

<p>showed that California IOU risk was not demonstrably higher as compared to the proxy group, particularly given the lack of coal-fired generation assets in California.</p> <p>TURN witness Lawton further showed that rating agencies do not view California as having any unique business risks.</p> <p>The Decision agrees that “these business are already captured in the parties’ financial modeling results” and that credit ratings agencies see benefits from utility purchased power supplies.</p>	<p>Exhibit 26, Testimony of Daniel Lawton, Sec. VI, at 22-30.</p> <p>D.12-12-034, Sec. 5.3.2, at 30-31.</p>	
<p>Utility Financial Risk – Debt Equivalence: SCE and SDG&E argued that modeling results should be significantly adjusted to account for debt equivalence and that ratings agencies take debt equivalence into account.</p> <p>TURN showed that the utilities had misrepresented how ratings agencies address these issues, and showed that the nature of renewable PPAs and CPUC cost recovery authorization significantly reduced the impact of procurement contracts. TURN recommended continuing current policy without any specific adjustment to the overall ROE.</p> <p>The Commission agreed that there was “no reason” to change the existing policy.</p>	<p>TURN Opening Brief, Sec. 4.5, at 33-34.</p> <p>D.12-12-034, Sec. 5.3.1, at 29.</p>	Yes
<p>Financial Modeling – Flotation Costs: TURN testified that any flotation costs should be considered in a rate case based on actual data and there should be no modification to existing Commission policy.</p> <p>The Commission agreed that the utilities have not made a case for changing policy and including a flotation adjustment.</p>	<p>Exhibit 26, Testimony of Daniel Lawton, Sec. VI, at 99-100.</p> <p>TURN Opening Brief, Sec. 4.4, at 32.</p> <p>D.12-12-034, Sec. 5.2.1, at 23-24.</p>	Yes
<p>Financial Modeling – Non-utility proxy group: TURN witness Lawton testified against</p>	<p>Exhibit 26, Testimony of</p>	Yes

<p>PG&E's proposal to "consider" the results of a non-utility proxy group, and TURN argued in briefs that the Commission should reject such a comparison for analytical reasons.</p> <p>The Commission agreed that non-utility proxy group results should not be considered due to the difference in pricing between regulated and competitive products and services.</p>	<p>Daniel Lawton, Sec. XX, at 88.</p> <p>TURN Opening Brief, Sec. 4.2.1.2, at 20-22.</p> <p>D.12-12-034, Sec. 5.1.1, at 21-22.</p>	
<p>Financial Modeling – Model Choice:</p> <p>TURN argued that the Commission should give more weight to DCF results and should give more weight to intervenor modeling results in selecting the reasonable range of outcomes.</p> <p>The Commission declined to address this issue.</p>		N/A
<p>Comparison to National Average ROE:</p> <p>TURN argued that given the relative risk of California IOUs the Commission should consider the present national average ROE data in setting authorized ROEs. TURN further argued that the data indicate that the national average electric ROE for 2012 should be 10.05% based on excluding certain adders for generation ROEs.</p> <p>The Commission heavily relied on the national data "as a reality check" but used the 10.36% figure using all authorized ROE data.</p>	<p>TURN Opening Brief, Sec. 3.2, at 12.</p> <p>TURN Comments on Proposed Decision, December 10, 2012, Sec. III.C., at 6-8.</p> <p>D.12-12-034, at 39, 40 and 44.</p>	Yes
<p>SCE ROE:</p> <p>TURN recommended an ROE of 9.40%, though in final comments TURN recommended that the ROE be no higher than 10.20%.</p> <p>The Commission adopted a reasonable range of 9.8% to 10.6% and selected a point value of 10.45%.</p>	<p>Exhibit 26, Lawton Testimony, Sec. XI</p> <p>TURN Comments on Proposed Decision, December 10, 2012, at 8.</p> <p>D.12-12-034, at 38-39.</p>	Yes
SDG&E ROE:		Yes

<p>TURN recommended an ROE of 9.40%, though in final comments TURN recommended that the ROE be no higher than 10.20%.</p> <p>The Commission adopted a reasonable range of 9.6% to 10.4% and selected a point value of 10.30%.</p>	<p>Exhibit 26, Lawton Testimony, Sec. XIV</p> <p>TURN Comments on Proposed Decision, December 10, 2012, at 8.</p> <p>D.12-12-034, at 40.</p>	
<p>SCG ROE:</p> <p>TURN recommended an ROE of 9.25%, though in final comments TURN recommended that the ROE be no higher than 10.20%.</p> <p>The Commission adopted a reasonable range of 9.4% to 10.3% and selected a point value of 10.10%.</p>	<p>Exhibit 26, Lawton Testimony, Sec. XVII</p> <p>TURN Comments on Proposed Decision, December 10, 2012, at 8.</p> <p>D.12-12-034, at 42.</p>	Yes
<p>PG&E ROE:</p> <p>TURN recommended an ROE of 9.40%, though in final comments TURN recommended that the ROE be no higher than 10.20%.</p> <p>The Commission adopted a reasonable range of 9.8% to 10.6% and selected a point value of 10.40%.</p>	<p>Exhibit 26, Lawton Testimony, Sec. XX</p> <p>TURN Comments on Proposed Decision, December 10, 2012, at 8.</p> <p>D.12-12-034, at 43.</p>	Yes
<p>Procedural – Public Participation Hearings (PPHs):</p> <p>TURN recommended that the Commission depart from normal practice and hold PPHs in this proceeding, based on the significance of the return component of the revenue requirements. The utilities all opposed TURN's recommendation.</p> <p>The Commission agreed that PPHs were warranted and held three PPHs.</p>	<p>TURN Motion, July 25, 2012.</p> <p>ALJ Ruling, August 2, 2012.</p> <p>D.12-12-034, Sec. 7, at 46.</p>	Yes

B. Duplication of Effort (§§ 1801.3(f) & 1802.5):

	Claimant	CPUC Verified
a. Was the Office of Ratepayer Advocates (ORA)² a party to the proceeding?	Yes	Verified
b. Were there other parties to the proceeding with positions similar to yours?	Yes	Verified
c. If so, provide name of other parties: Federal Executive Agencies (“FEA”), Energy Producers and Users Coalition (“EPUC”), Jan Reid (“Reid”)		Verified
d. Describe how you coordinated with ORA and other parties to avoid duplication or how your participation supplemented, complemented, or contributed to that of another party: In this case, TURN took reasonable steps to keep such duplication to a minimum. TURN contacted the DRA and other intervenors (including FEA, EPUC and Reid) at various times to gauge the nature of their testimonies and pleadings. As a result, TURN did not attempt to address in testimony several disputed issues concerning financial modeling methodologies and debt equivalence, since we understood that the DRA and the FEA would be covering those issues. TURN was the only party that provided detailed testimony (the testimony of Mr. William Marcus) rebutting the various utility allegations of business and regulatory risk. TURN's compensation in this proceeding should not be reduced for duplication of the showings of other parties. In a proceeding involving multiple participants, it is virtually impossible for TURN to completely avoid some duplication of the work of other parties. Indeed, the nature of ‘financial analysis’ modeling is such that ‘coordination’ between experts was specifically not pursued so as to minimize any appearance of concerted bias in modeling inputs or assumptions. Any duplication that may have occurred here was more than offset by TURN’s unique contribution to the proceeding. Under these circumstances, no reduction to our compensation due to duplication is warranted given the standard adopted by the Commission in D.03-03-031.		Verified; no reduction for duplication required or made

C. Additional Comments on Part II:

#	Claimant	CPUC	Comment
	X		In many proceedings TURN can readily point to our contributions to the

² The Division of Ratepayer Advocates was renamed the Office of Ratepayer Advocates effective September 26, 2013, pursuant to Senate Bill No. 96 (Budget Act of 2013: public resources), which was approved by the Governor on September 26, 2013.”

		<p>outcome or decision-making as reflected in the text of the decision, and TURN can less easily quantify the ratepayer benefits of our participation. The decision in this proceeding is somewhat unusual in that the text is relatively sparse concerning the underlying disputed issues, both regarding modeling results and relative utility risks in comparison to peer groups. The language in the decision does not provide much detail concerning the positions of different parties and the relative weight given to different positions.</p> <p>TURN therefore relies more heavily than typical on the outcome of the decision and the financial benefit to ratepayers of our participation. Given that the decision adopted ROE levels (at about 10.4%) approximately 63% of the way between TURN's (9.4%) and the utilities' (11.0%) initial proposals, and very close to TURN's final recommendation (10.0-10.2%), TURN assumes that the Commission agreed with much of the underlying substance of TURN's testimonies and arguments, especially with regard to the reasonable range of ROE outcomes.</p>
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PART III: REASONABLENESS OF REQUESTED COMPENSATION

A. General Claim of Reasonableness (§§ 1801 & 1806):

a. Concise explanation as to how the cost of Claimant's participation bears a reasonable relationship with benefits realized through participation:	CPUC Verified
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<p>The reduction in the utilities' authorized ROE directly translates into lower revenue requirements due to a reduction in the "return" (aka profit) component of the revenue requirement. As summarized in the first table of D.12-12-034 (at 3), the revenue reduction just for 2013 due to the decrease in ROE will be approximately \$510 million. This amounts to ratepayer savings of at least \$1.5 billion (probably higher due to growth in rate base) for 2013-2015, the three-year term until the next cost of capital proceeding.</p> <p>TURN submits that the reduction in the ROE from requested amounts (over 11%) to just above the national average reflects the combined efforts of TURN, DRA, FEA, EPUC and Reid. We do not claim sole credit. However, TURN's modeling results and final recommendations were closer to the final outcome (in concert with EPUC); and TURN was the only party that provided detailed rebuttal testimony concerning utility allegations of business and regulatory risks in California.</p> <p>Even assuming that TURN's participation contributed only partially to the Commission's ultimate decision, we submit that the huge ratepayer savings over the next three years justify the effort expended on this proceeding and the resulting requested compensation amount.</p>	Verified
<p>b. Reasonableness of Hours Claimed.</p> <p><u>TURN Attorneys:</u></p> <p>Marcel Hawiger served as TURN's lead attorney, covering all issue categories for purposes of testimony review, hearing room work (cross-examination and defending TURN's witness), and briefing. TURN seeks compensation for approximately 263 of his hours here, or the equivalent of approximately 6.5 weeks of full-time work. TURN submits that such an amount is entirely reasonable, and in fact quite limited, given that this proceeding set the authorized equity return for all four large energy utilities in the state and included five days of evidentiary hearings. The effort is evidenced by TURN's active participation during evidentiary hearings and the comprehensive nature of TURN's briefs in this proceeding.</p> <p>There is very limited time (less than 10 hours total) spent by three other attorneys (Long, Suetake and Freedman) who provide specific input regarding policy or risk analysis in areas within their specific subject matter expertise. For example, Mr. Freedman assisted with analyzing renewable procurement risk issues, Ms. Suetake assisted with wildfire business risk issues, and Mr. Long assisted with general policy and pleading content.</p> <p><u>TURN Consultants:</u></p> <p><u>Lawton Law Firm:</u></p>	TURN's hours are reasonable, with the exception of a small number of hours improperly claimed for clerical/administrative work. <i>See</i> Section B, below.

TURN retained Mr. Daniel J. Lawton of the Lawton Law Firm to analyze the return on equity required by investors for all four of the major energy IOUs. Mr. Lawton devoted approximately 360 hours to this proceeding, including review of utility testimonies, discovery, financial research and modeling, testimony preparation, assisting counsel with hearing preparation and attending one day of evidentiary hearings.

Mr. Lawton had to review the voluminous testimonies of utility witnesses Avera, Morin and Hunt concerning their financial modeling and ROE recommendations for all four utilities. Mr. Lawton conducted discovery of all four utilities to obtain relevant financial information; compiled detailed market and investor data for the relevant proxy groups; and performed financial equity modeling using the DCF, RP and CAPM methods to estimate the required return on equity. Mr. Lawton conducted research and wrote testimony addressing the general impacts of current economic conditions and interest rate forecasts on utility ROE forecasts. Mr. Lawton also analyzed certain alleged business and financial risks vis-à-vis the proxy group. Mr. Lawton's results were presented in his 100-page testimony and schedule of analytical results, identified as Exhibits 26 and 27 in the record.

Section 5.2 of D.12-12-034 generally discusses the results of the financial modeling and concludes that there was "no reason to adopt the financial modeling of any one party." (at 28) However, while the Decision concludes that the models "are only helpful as rough gauges of the realm of reasonableness," financial modeling is essential to setting the range of possible ROE outcomes. Even a cursory review of the testimonies of the four IOUs, of the DRA and of the three other intervenors shows that the majority of the expert witness work in this proceeding involved the financial modeling analysis of the expected investor equity returns using the DCF, CAPM and risk premium models.

TURN submits that 360 hours of work is reasonable to conduct the type of financial modeling required to determine the reasonable ROE for four separate utilities.

JBS Energy:

JBS Energy sponsored the expert witness testimony of Mr. William Marcus, identified as Exhibit 28 in the record. Mr. Marcus conducted an in-depth review of the various utility allegations of business and regulatory risk in California as compared to other utilities across the nation and in the proxy comparison groups. Mr. Marcus also conducted research on market risk premiums and sponsored testimony regarding utility and investor forecasts of market risk premiums.

Mr. Marcus devoted approximately 52 hours to this proceeding. Mr.

<p>Marcus's hours were very limited due to the significant participation of Mr. Garrick Jones. Mr. Jones devoted approximately 330 hours to this proceeding. Mr. Jones performed the following essential technical work in this proceeding:</p> <ul style="list-style-type: none"> • Mr. Jones conducted discovery and research concerning the alleged business and regulatory risks for all four utilities; • Mr. Jones researched data concerning pension fund returns and market risk premium forecasts by equity analysts and academics; • Mr. Jones screened utility proxy groups to determine utilities that should be excluded due to high portion of unregulated activities; • Mr. Jones drafted testimony concerning business and regulatory risks; • Mr. Jones drafted data responses to utility data requests; • Mr. Jones conducted research on decoupling mechanisms in other jurisdictions; and • Mr. Jones drafted and reviewed portions of TURN's briefs. <p>Based on Mr. Jones research and drafting, Mr. Marcus finalized the expert testimony on business risk, regulatory risk, market risk premium and general policy concerning cost of capital. Mr. Marcus also assisted TURN's counsel in preparing cross examination and providing technical advice.</p> <p>While the actual discussion of individual business and regulatory risks in D.12-12-034 is fairly limited, TURN suggests that rebutting specific allegations of risk was necessary to prevent unjustified increases in utility ROEs based on alleged California-specific risks, as has happened in prior cost of capital decisions. Considering the extent of the testimonies from the four utilities concerning alleged risks of procurement policies, environmental regulations, capital investment levels, competition and other factors in California, TURN submits that devoting approximately 380 hours to rebut those allegations is reasonable.</p> <p><u>Travel:</u> There is a relatively small amount of travel time and travel expenses, primarily due to the need for Mr. Lawton to appear for one day as a witness at hearings in San Francisco. TURN notes that aside from their scheduled appearance to testify, none of TURN's experts otherwise traveled for evidentiary hearings to support the cross examination of utility witnesses.</p>	
<p>c. Allocation of Hours by Issue</p> <p>This Cost of Capital proceeding sets the authorized return on equity and capital structure of the four energy utilities. TURN's focus was strictly on the authorized ROE. The two primary issue areas with respect to the ROE</p>	<p>Verified.</p>

involved 1) financial modeling using the three primary models considered by this Commission (DCF, CAPM, Risk Premium); and 2) an analysis of any unique business, regulatory and financial risks not captured in modeling results. TURN's hours in this proceeding, for both expert witnesses and attorney work, were fairly evenly allocated between these two broad primary issue areas.

TURN allocated specific attorney work by issue when possible. Certain work cannot be allocated to specific issues and was allocated by a 'task' category. Much of the work (for example, reviewing testimonies and pleadings of other parties) is not issue dependent or covers multiple issue areas. Such work is allocated to the "GP" or "#" categories, as discussed below. The following codes are used in the contemporaneous time sheets for specific issues and tasks.

#	Work covering multiple issues that cannot be easily segregated
BusR	Business risk (new laws and standards; competition; etc.)
Coord	Coordination with DRA and intervenors
Disc	Discovery issues (data requests; disputes)
EH	Evidentiary hearings
FinR	Financial risk (capital structure; debt equivalence)
GH	General hearing
GP	General participation - work essential to participation that does not vary with issues (reviewing Rulings, pleadings, testimonies)
Mod	Financial Modeling
MICAM	Market risk premium issues
Policy	Policy issues such as financial viability; role of regulator; legal standards.
PPH	Work related to public participation hearings
RegR	Regulatory risk (cost recovery; new regulation; regulatory lag)
Risk	Includes all risk issues

Sett	Settlement
	<p>Based on a review of the detailed time sheets, as well as evaluation of the pleadings, TURN's attorney time (mostly time of M. Hawiger) was devoted approximately 50% to risk issues, approximately 30% to modeling issues, and less than 10% each to policy issues, coordination with other parties, pleadings for public participation hearings, settlement negotiations and SoCalGas's MICAM issue.</p> <p>Expert witness work was likewise allocated by issue, though witness work is allocated to a general issue area rather than any task. Based on a review of the detailed time sheets, JBS Energy expert Jones devoted approximately 25% of his time to issues related to market risk premium and 75% of his time to risk issues. JBS Energy expert Marcus devoted approximately 75% of his time to risk issues, approximately 10% to market risk premium, and approximately 15% to various issues in supporting TURN's attorney for hearings.</p> <p>Mr. Daniel Lawton devoted the vast majority of his time to financial modeling and investor expectation analyses, so that there is no need to further allocate his time.</p>

B. Specific Claim:*

CLAIMED						CPUC AWARD		
ATTORNEY, EXPERT, AND ADVOCATE FEES								
Item	Year	Hours	Rate	Basis for Rate*	Total \$	Hours	Rate	Total \$
Marcel Hawiger	2012	263.50	\$375	Res. ALJ-281 + 5% step A.10-11-015	98,812.50	262.25	\$375 ³	98,343.75
Matthew Freedman	2012	1.25	\$350	D.12-07-019	437.50	1.25	\$350	437.50
Nina Suetake	2012	2.75	\$295	D.12-05-033, at. 8.	811.25	2.75	\$315 ⁴	866.25
Thomas Long	2012	1.5	\$530	Resolution ALJ-281	795.00	1.5	\$530 ⁵	795.00
William Marcus	2012	48.91	\$260	D.10-11-032, at 10.	12,716.60	48.91	\$260 ⁶	12,716.60

³ Rate approved in D.13-08-022.

⁴ Rate set in D.13-08-022.

⁵ Rate approved in D.13-08-022.

⁶ Rate approved in D.13-08-022.

Garrick Jones	2012	330.49	\$150	Requested in this proceeding	49,573.50	330.49	\$150 ⁷	49,573.50
Daniel Lawton	2012	359.70	\$225	Requested in this proceeding	80,932.50	359.70	\$225 ⁸	80,932.50
	Subtotal:				244,078.85	Subtotal:		\$243,665.10
OTHER FEES								
Describe here what OTHER HOURLY FEES you are Claiming (paralegal, travel **, etc.):								
Item	Year	Hours	Rate	Basis for Rate*	Total \$	Hours	Rate	Total \$
William Marcus	2012	3.75	\$130	Half of authorized	487.50	3.75	\$130	487.50
	Subtotal:				\$487.50	Subtotal:		\$487.50
INTERVENOR COMPENSATION CLAIM PREPARATION **								
Item	Year	Hours	Rate	Basis for Rate*	Total \$	Hours	Rate	Total \$
Marcel Hawiger	2012	0.25	\$187.50	Res. ALJ-281 + 5% step A.10-11-015	\$46.88	0.25	\$187.50	\$46.88
Marcel Hawiger	2013	17.75	\$187.50	Res. ALJ-281 + 5% step A.10-11-015	\$3,328.13	17.75	\$190 ⁹	\$3,372.50
	Subtotal:				\$3,375.00	Subtotal:		\$3,419.38
COSTS								
#	Item	Detail			Amount	Amount		
	Travel	Consultant Air Travel (from TX)			738.20	\$738.20		
	Lodging	Hotel for consultant for TX for EH			167.00	\$167.00		
	Copying	Copies of various pleadings to ALJ/AC			124.80	\$124.80		
	FedEx	FedEx of priority documents to witnesses and IOUs			151.06	\$151.06		
	Postage	Postage for hard copies			35.02	\$35.02		
	Phone	Long distance calls (primarily to witnesses)			25.33	\$25.33		
	Subtotal:				\$1,241.41	Subtotal:		\$1,241.41
TOTAL REQUEST \$:					248,695.26 ₁₀	TOTAL AWARD \$:		\$248,813.39

⁷ Rate set in D.13-08-022.⁸ See discussion in Section D.⁹ Application of ALJ Resolution-287 COLA.

			9
<p>*We remind all intervenors that Commission staff may audit their records related to the award and that intervenors must make and retain adequate accounting and other documentation to support all claims for intervenor compensation. Claimant's records should identify specific issues for which it seeks compensation, the actual time spent by each employee or consultant, the applicable hourly rates, fees paid to consultants and any other costs for which compensation was claimed. The records pertaining to an award of compensation shall be retained for at least three years from the date of the final decision making the award.</p> <p>**Travel and Reasonable Claim preparation time typically compensated at ½ of preparer's normal hourly rate</p>			
Attorney	Date Admitted to CA BAR	Member Number	Actions Affecting Eligibility (Yes/No?) If "Yes", attach explanation
Marcel Hawiger	January 31, 1998	194244	No.
Matthew Freedman	Marcy 29, 2001	214812	No.
Nina Suetake	December 14, 2004	234769	No.
Thomas Long	December 11, 1986	124776	No.

C. TURN's Comments and Attachments on Part III:

Attachment or Comment #	Description/Comment
Attach 1	Certificate of Service
Attach 2 and 3 – Attorney and Witness Time Sheets	<p>A daily listing of the specific tasks performed by TURN attorneys in connection with this proceeding is set forth in Attachment 2. TURN's attorneys maintained detailed contemporaneous time records indicating the number of hours devoted to work on this case. The majority of the work was performed by TURN's lead attorney Marcel Hawiger.</p> <p>In preparing this compensation request, Mr. Hawiger reviewed all of the recorded hours devoted to this proceeding and included those hours that were reasonable for the underlying task.</p> <p>A daily listing of specific tasks performed by TURN's three expert witnesses is provided in Attachment 3.</p>
Attachment 4 – Direct Costs	<p>The detailed direct costs are presented in Attachment 4.</p> <p>TURN recorded only those direct costs incurred as part of this proceeding. The majority of the \$1241.41 in direct costs was for travel and lodging for Mr. Lawton to appear at the evidentiary hearing when he was scheduled for cross-examination.</p>

¹⁰ This request does not include the \$487.50 for William Marcus travel. When all requests are included, TURN's Total Request is \$249,182.76.

Issue Allocation	<p>As discussed in Section A, the hours that could be assigned to particular issues are so designated in attorney time sheets. However, for many of the entries it is extremely difficult to precisely allocate TURN's substantive work to specific issue categories. As detailed above, such hours are generally allocated to "GP" for work that is basic to participation, such as reading Rulings or pleadings of other parties. When work covers several issue areas and is difficult to segregate (such as during preparation of a brief), such time is coded as "#." In this proceeding, approximately 20% of Mr. Hawiger's time was allocated to the "GP" and approximately 20% to the "#" categories.</p>
Attorney Hourly Rates	<p><u>Marcel Hawiger:</u></p> <p>For Mr. Hawiger's work in 2012, TURN seeks an hourly rate of \$375, an increase of 7.2% from the previously awarded rate of \$350 for 2010 and 2011. The increase is the general 2.2% increase provided for in Res. ALJ-281, plus the first of two 5% step increases available with his move in 2010 to the 13+ years experience tier.</p> <p><u>Other Attorneys:</u></p> <p>The hourly rates for TURN attorneys Freedman, Suetake and Long have all been previously authorized by the Commission.</p>
Expert Hourly Rates	<p><u>William Marcus and Garrick Jones:</u></p> <p>JBS Energy increased the hourly rates for Mr. Marcus and Mr. Jones as of 1/1/12. TURN has already requested that the Commission authorize the 2012 rates of \$150 for Mr. Jones and \$260 for Mr. Marcus in a compensation request in A.10-11-015 filed on January 25, 2013.</p> <p>For Mr. Jones, the increase from \$140 (through 2011) to \$150 was discussed in some detail in the Request for Compensation filed in A.10-11-002 on July 13, 2012.¹¹ Rather than repeat the justification for the requested hourly rate, TURN refers the Commission to the pending request in A.10-11-002 and asks that the relevant material be incorporated by reference as though full set forth here. Should the Commission wish to see the justification included in this request, TURN requests the opportunity to supplement or amend this request accordingly.</p> <p>For Mr. Marcus, JBS Energy increased Mr. Marcus's hourly rate as of January 1, 2012, by \$10 to \$260, an increase of 4% over the \$250 rate he had charged for his work since 2008. The Commission approved Mr. Marcus's hourly rate of \$250 in D.08-11-035.</p> <p>In mid-September 2012, the Commission issued Res. ALJ-281 adopting an across-the-board cost-of-living adjustment (COLA) that permits a 2.2% increase to previously authorized hourly rates. Had JBS Energy increased Mr. Marcus's 2012</p>

¹¹ The increase is justified in part based on Mr. Jones's experience warranting a move to the next tier the Commission has adopted for intervenor compensation purposes.

hourly rate by 7.2%, TURN could have justified that rate by relying on the COLA plus a 5% increase as the first of the two “step” increases provided for in D.08-04-010 and reaffirmed in Res. ALJ-281. Therefore TURN submits that the Commission should find Mr. Marcus’s 2012 hourly rate of \$260 to be reasonable due to its consistency with the COLA and a portion of the step increase provided for in those earlier decisions. Should the Commission wish to see further justification for this increase, TURN requests the opportunity to supplement or amend this request accordingly.

Daniel Lawton:

TURN requests that the Commission authorize an hourly rate of \$225 for Daniel J. Lawton for 2012, which is the actual rate charged by Mr. Lawton to TURN for work in this proceeding. An hourly rate of \$225 is reasonable and represents a below-market rate for an expert with Mr. Lawton’s credentials.

Mr. Lawton has worked in the utility consulting business as an economist since 1983. Between 1983 and 1986 Mr. Lawton worked as a senior analyst with the Department of Public Service in Minnesota and as a utility consultant. Mr. Lawton was a principal with Diversified Utility Consultants from 1986-2005. Mr. Lawton opened his own consulting firm in 2005. Mr. Lawton’s resume is included as Schedule DJL-1 in Exhibit 27.

During this 30-year period Mr. Lawton has consulted as an economist regarding electric utility load and revenue forecasting, cost of capital analyses, financial analyses, revenue requirements/cost of service reviews, and rate design. He has submitted expert testimony at the FERC and in approximately fifteen state utility jurisdictions. Mr. Lawton has worked with municipal utilities developing electric rate cost of service studies for reviewing and setting rates.

TURN notes that the hourly rate of \$225 for Mr. Lawton could be compared, for example, with the hourly rate of \$400 charged by PG&E witness Avera. (*See*, RT 232:17) These witnesses are both all experts recognized and cited by numerous state utility commissions. *See*, for example, FPSC ORDER NO. PSC-10-0153-FOF-EI, March 17, 2010, pp. 120-132 (discussing the testimony of Mr. Lawton, Mr. Avera and Mr. Morin - the very same witnesses as appeared in this case).

D. CPUC Disallowances & Adjustments:

#	Reason
1. Disallowance for clerical/administrative tasks.	1.25 hours of Marcel Hawiger's time disallowed for being clerical/administrative (preparing table of authorities for refile of brief)
2. Adoption of Daniel Lawton's hourly rate(s)	Resolution ALJ-267 sets 2011 rates for experts with 13-plus years of experiences at \$155-\$390 per hour. TURN requests a rate for Lawton's work in 2012 of \$225/hour, which is below the midpoint of the range for experts of his experience. After reviewing Lawton's credentials and experience, the Commission awards Lawton the requested rate of \$225 per hour for work he completed in 2012. This rate is reasonable and reflective of Lawton's almost 30 years of experience as an economist who is an expert in utility financial and rate matters.

PART IV: OPPOSITIONS AND COMMENTS

A. Opposition: Did any party oppose the Claim?	No
B. Comment Period: Was the 30-day comment period waived (<i>see</i> Rule 14.6(2)(c))?	Yes

FINDINGS OF FACT

1. The Utility Reform Network has made a substantial contribution to Decision (D.) 12-12-034.
2. The requested hourly rates for The Utility Reform Network's representatives as adjusted herein, are comparable to market rates paid to experts and advocates having comparable training and experience and offering similar services.
3. The claimed costs and expenses are reasonable and commensurate with the work performed.
4. The total of reasonable contribution is \$248,813.39.

CONCLUSION OF LAW

1. The Claim, with any adjustment set forth above, satisfies all requirements of Pub. Util. Code §§ 1801-1812.

ORDER

1. The Utility Reform Network is awarded \$248,813.39.
2. Within 30 days of the effective date of this decision, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall pay The Utility Reform Network their respective shares of the award, based on their California-jurisdictional electric and gas revenues for the 2012 calendar year, to reflect the year in which the proceeding was primarily litigated. Payment of the award shall include compound interest at the rate earned on prime, three-month non-financial commercial paper as reported in Federal Reserve Statistical Release H.15, beginning May 1, 2013, the 75th day after the filing of The Utility Reform Network's request, and continuing until full payment is made.
3. The comment period for today's decision is waived.
4. This decision is effective today.

Dated _____, at San Francisco, California.

APPENDIX**Compensation Decision Summary Information**

Compensation Decision:		Modifies Decision? No
Contribution Decision(s):	D1212034	
Proceeding(s):	A1204015, A1204016, A1204017, A1204018	
Author:	ALJ Michael J. Galvin	
Payer(s):	Pacific Gas and Electric Company; San Diego Gas & Electric Company; Southern California Edison Company; Southern California Gas Company	

Intervenor Information

Intervenor	Claim Date	Amount Requested	Amount Awarded	Multiplier?	Reason Change/Disallowance
The Utility Reform Network (TURN)	2/15/13	\$248,695.26 ¹²	\$248,819.39	No	Clerical work disallowed

Advocate Information

First Name	Last Name	Type	Intervenor	Hourly Fee Requested	Year Hourly Fee Requested	Hourly Fee Adopted
Marcel	Hawiger	Attorney	TURN	\$375	2012	\$375
Marcel	Hawiger	Attorney	TURN	\$375	2013	\$380
Matthew	Freedman	Attorney	TURN	\$350	2012	\$350
Nina	Suetake	Attorney	TURN	\$295	2012	\$315
Thomas	Long	Attorney	TURN	\$530	2012	\$530
William	Marcus	Expert	TURN	\$260	2012	\$260
Garrick	Jones	Expert	TURN	\$150	2012	\$150
Daniel	Lawton	Expert	TURN	\$225	2012	\$225

(END OF APPENDIX)

¹² This request is \$487.50 smaller than the sum of the fees and costs recorded. The actual sum is \$249,182.76.